

June 24, 1966

CONGRESSIONAL RECORD — SENATE

13543

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error, of course, but in the interest of accuracy I ask that it be corrected in the permanent RECORD to read, "Committee on Public Works."

The PRESIDING OFFICER. The correction will be made as requested.

Mr. ALLOTT. Mr. President, I ask that the CONGRESSIONAL RECORD for yesterday, on page 13420, in the fourth paragraph, be corrected to change the figure "326,000,000" in the third line of that paragraph to "362,000,000," which is the correct figure.

The PRESIDING OFFICER. Without objection, the correction will be made.

EXECUTIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Henry E. Stebbins, of Massachusetts, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to Uganda; and

John H. Crimmins, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Dominican Republic.

By Mr. EASTLAND, from the Committee on the Judiciary:

Marion Mathias Hale, of Texas, to be U.S. marshal for the southern district of Texas;

Robert I. Nash, of Texas, to be U.S. marshal for the northern district of Texas;

Tully Reynolds, of Texas, to be U.S. marshal for the eastern district of Texas;

Louis C. LaCour, of Louisiana, to be U.S. attorney for the eastern district of Louisiana;

Ernest Morgan, of Texas, to be U.S. attorney for the western district of Texas; and

William W. Justice, of Texas, to be U.S. attorney for the eastern district of Texas.

By Mr. KENNEDY of Massachusetts, from the Committee on the Judiciary:

W. Arthur Garrity, Jr., of Massachusetts, to be U.S. district judge for the district of Massachusetts.

By Mr. TYDINGS, from the Committee on the Judiciary:

Harrison L. Winter, of Maryland, to be U.S. circuit judge, fourth circuit.

By Mr. MAGNUSON, from the Committee on Commerce:

Rosel H. Hyde, of Idaho, to be a member of the Federal Communications Commission; and

Nicholas Johnson, of Iowa, to be a member of the Federal Communications Commission.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

ADMINISTRATOR FOR ECONOMIC DEVELOPMENT

The legislative clerk read the nomination of Ross D. Davis, of New York, to be Administrator for Economic Development.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF THE NAVY

The legislative clerk read the nomination of Robert Alan Frosch, of Maryland, to be an Assistant Secretary of the Navy.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

OFFICE OF EMERGENCY PLANNING

The legislative clerk read the nomination of Myron R. Blec, of Florida, to be Deputy Director of the Office of Emergency Planning.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations in the U.S. Navy.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations in the U.S. Navy be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE

The legislative clerk proceeded to read sundry nominations in the Air Force.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations on the Secretary's desk are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate resumed the consideration of legislative business.

THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of legislation on the calendar, beginning with Calendar No. 1259, and that the rest of the legislation be considered in sequence.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will proceed to state the items on the calendar, beginning with Calendar No. 1259.

*Bill Title*  
AMENDMENT OF THE CLASSIFICATION ACT OF 1949

The Senate proceeded to consider the bill (H.R. 1535) to amend the Classification Act of 1949 to authorize the establishment of hazardous duty pay in certain cases, which had been reported from the Committee on Post Office and Civil Service with amendments, on page 2, after line 10, to insert:

paid for such minimum periods as the Commission may determine to be appropriate; and

And, at the beginning of line 13, to strike out "(3)" and insert "(4)".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1294), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of this legislation is to permit the payment of premium compensation to Classification Act employees for periods of work involving usually hazardous conditions.

JUSTIFICATION

Hazardous duty pay is presently extended to certain military, Public Health Service, and wage board personnel. Existing law does not authorize this premium for employees under the Classification Act who may work side by side with those now receiving the additional compensation. This legislation would correct this by directing the Civil Service Commission to establish schedules of pay differentials, not to exceed 25 percent of basic compensation, for Classification Act employees for any period in which they are subjected to physical hardship or hazard not usually associated with their jobs. Such differentials would not be payable when the physical hardship or hazard was taken into account in classifying the employee's position. The typical case where the premium would be authorized is the participation of an engineer or technician in an experimental flight or the trial run of a newly built submarine. Another common example would be the performance of work at extreme heights under adverse conditions.

This legislation should serve as an incentive to employees to accept intermittent assignments involving hazardous duties and it will also afford some measure of recognition and appreciation for the employees' willingness to take unusual risks not normally associated with their positions.

HEARINGS

A public hearing was held by the Subcommittee on Civil Service on March 29, 1966. All testimony favored enactment.

COST

The Civil Service Commission estimates that the cost of this legislation will be less than \$100,000 annually.

TO EXTEND THE RENEgotiation ACT OF 1951

The bill (H.R. 13431) to extend the Renegotiation Act of 1951 was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1295), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

I. SUMMARY

The Renegotiation Act of 1951, as amended, which authorizes the Government to recap-

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Our excessive profits of civilian Government contracts and subcontracts expires as of June 30, 1966. H.R. 13431 extends the act for 2 years, or until June 30, 1968.

## II. GENERAL STATEMENT

**Present law.**—The Renegotiation Act of 1951, in general, provides that the Renegotiation Board is to review the total profit derived by a contractor during a year from all of his renegotiable contracts and subcontracts in order to determine whether or not this profit is excessive. The Board is empowered to eliminate those profits found to be excessive in accordance with certain statutory factors. Thus, the renegotiation occurs not with respect to individual contracts but with respect to all renegotiable contracts and subcontracts of a contractor during a year. These contracts vary in form from cost-plus-fixed-fee to firm fixed-price contracts. Some may be prime contracts, while others are subcontracts, and they may be concerned with many different services and products. With respect to any given year they may also reflect only partial payments made on the contracts.

For purposes of renegotiation, profits generally are defined and determined in much the same way as for tax purposes. This similarity is also reflected in that provision is made in renegotiation for a 5-year loss carry-forward, as well as the offsetting of losses and profits on different contracts within the year.

The act provides, in general terms, that the Renegotiation Board in determining whether profits are excessive is to give favorable recognition to the efficiency of the contractor with particular regard to attainment of quantity and quality products, reduction of costs and economy. The Board must also consider the reasonableness of costs and profits, the net worth (with particular regard to the amount and source of public and private capital employed), the extent of the risk assumed, the nature and extent of the contribution to the defense effort, and the character of the business. Thus, in effect, the Board in its judgment must consider all of these factors, and the producer, where these factors are present to the greatest extent (e.g., is most efficient or makes the greatest contribution to the defense effort), is permitted to retain more profit than the producer who satisfies these factors to a lesser extent. This gives assurance that the act will not impede the cost reduction program of the Defense Department with its emphasis on the use of incentive contracts.

Various types of contracts are excluded from the act; some on a mandatory and others on a permissive basis. The mandatory exemptions include contracts with a State, local, or foreign government, those dealing with certain agricultural commodities, those dealing with mineral and related products, those with certain regulated common carriers, and receipts and accruals for standard commercial articles or services.

**Reasons for extension.**—Under existing world conditions, the continuation of the Renegotiation Act is in the national interest. The deterrent effects of renegotiation on overpricing have long been recognized. Not to continue renegotiation at this time would encourage price rises and larger Government spending in the area of defense contracts. This is a result which none of us desires.

The negotiation process has saved large amounts for the Government. In the fiscal year 1965 alone, directly or indirectly renegotiation resulted in refunds or price reductions of over \$32 million and since the inception of the Renegotiation Board in 1951 has resulted in savings of over \$2 billion. Of course, in addition to this savings, the renegotiation process has had a deterrent effect on overpricing on Government contracts because of the realization that renegotiation is backstopping the allowable profits. The savings referred to above include both refunds made as the result of determinations

of excessive profits by the Renegotiation Board and also voluntary refunds and price adjustments made, or justified, by the companies because of the existence of renegotiation. The breakdown between these two categories is as follows:

[In millions]

	Fiscal year 1965	Cumulative total from 1951 through 1965
1. Refunds arising from determinations of excessive profits made by Renegotiation Board.	\$16.1	\$811.9
2. Voluntary refunds and price reductions reported by contractors	16.4	1,246.6
3. Total	32.5	2,158.5

The bulk of military procurements must, under present conditions of necessity, be made on the basis of negotiated prices, since the product or service being procured usually does not have a market price to guide the negotiators. Thus, renegotiation is essential, in the absence of competitive norms which make it possible to assess in advance the probable profit outcome.

In addition, price competition in substantial areas of Government procurement under present conditions is weak or nonexistent, since in the procurement of large weapons and space systems the contractor winning a research and development contract is usually the only one capable of performing on follow-up contracts. There are a number of other factors also which recommend the desirability of continuing the Renegotiation Act under present conditions. Many of the major Government contractors work with Government plant, equipment, and progress payments which make it difficult to evaluate the prices which should be paid to them in view of their extensive use of Government capital. Moreover, in the case of many new products and systems, cost estimates involve a high degree of uncertainty and, in many other cases, negotiated prices may be affected by the relative negotiating skill of the Government and private negotiators. The greater knowledge of technology involved in this area tends to give the private negotiator an advantage in this respect.

In addition, since Government contracts are negotiated on a contract-by-contract basis with many of these contracts extending over several years, negotiators cannot be certain that the profits of a contractor in any particular year will be reasonable, except through the renegotiation process.

Your committee agrees with the Committee on Ways and Means of the House that in view of the extent of our defense effort at the present time, the Renegotiation Act should be extended for a 2-year period, from June 30, 1966, to June 30, 1968. This is in place of the 8-year period initially recommended by the administration. The Renegotiation Board has advised the Committee on Finance that in the interest of speedy passage of this bill it approves the 2-year extension. The 2-year extension will accord Congress the opportunity to reexamine the need for the renegotiation process in the relatively near future.

## ADDITIONAL FUNDS FOR COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

The resolution (S. Res. 271) to provide additional funds for the Committee on Interior and Insular Affairs was considered and agreed to, as follows:

**Resolved.** That the Committee on Interior and Insular Affairs is hereby authorized

to expend from the contingent fund of the Senate, during the Eighty-ninth Congress, \$10,000 in addition to the amount, and for the same purpose, specified in section 134(a) of the Legislative Reorganization Act approved August 2, 1946.

## ADDITIONAL FUNDS FOR THE COMMITTEE ON APPROPRIATIONS

The resolution (S. Res. 274) to provide additional funds for the Committee on Appropriations was considered and agreed to, as follows:

**Resolved.** That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-ninth Congress, \$30,000, in addition to the amounts, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act, approved August 2, 1946, and Senate Resolution 101, agreed to May 20, 1965.

## PRINTING OF REVISED EDITION OF DOCUMENT "HISTORY OF THE SENATE SEALS"

The resolution (S. Res. 261) providing for the printing of a revised edition of the document "History of the Senate Seals" was considered and agreed to, as follows:

**Resolved.** That the Secretary of the Senate is authorized and directed to prepare a revised edition of the document entitled "History of the Senate Seals" (Senate Document Numbered 164, Eighty-second Congress), which revised edition shall be printed with illustrations as a Senate document.

## PRINT AS SENATE DOCUMENT A COMPILATION ON THE HISTORY OF THE SENATE COMMITTEE ON COMMERCE

The resolution (S. Res. 272) to print as a Senate document a compilation on the history of the Senate Committee on Commerce was considered and agreed to, as follows:

**Resolved.** That there be printed as a Senate document a compilation of materials relating to the history of the Senate Committee on Commerce in connection with its one hundred and fiftieth anniversary (1816-1966); and that there be printed for the use of that committee five thousand additional copies of such document.

**MR. MANSFIELD.** Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1298), explaining the purposes of the resolution.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Senate Resolution 272 would authorize the printing as a Senate document of a compilation of materials relating to the history of the Senate Committee on Commerce in connection with its 150th anniversary (1816-1966). There would be printed 5,000 additional copies of such document for the use of that committee.

The printing-cost estimate, supplied by the Public Printer, is as follows:

Printing-cost estimate	
To print as a document (1,500 copies)	\$386.79
5,000 additional copies, at \$99.10 per thousand	495.50
Total estimated cost, S. Res. 272	882.29

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